DISCLOSURE STATEMENT
EXHIBIT B

DAN RIVER INC

PROJECTED FINANCIAL INFORMATION

A. Introduction

This projected financial information was prepared to show the estimated consolidated financial position, results of operations and cash flows, and capitalization of Reorganized Dan River (the "Reorganized Debtors") following January 1, 2005, which is assumed to be the Effective Date for these projections. The Projections are based on the assumptions discussed below and should be read in conjunction with the Disclosure Statement, including "Section XV. CERTAIN RISK FACTORS TO BE CONSIDERED."

All capitalized terms not defined in this exhibit have the same meanings ascribed to them in the Disclosure Statement to which this exhibit is attached.

THESE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS ("AICPA") OR THE FINANCIAL ACCOUNTING STANDARDS BOARD ("FASB"). FUTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT ACCOUNTANTS. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED UPON A VARIETY OF ESTIMATES AND ASSUMPTIONS, WHICH, ALTHOUGH DEVELOPED AND CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE REORGANIZED DEBTORS AND THEIR MANAGEMENT. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION, OR WARRANTY BY THE DEBTORS, OR ANY OTHER PERSON, AS TO THE ACCURACY OF THE PROJECTIONS OR THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THESE PROJECTIONS. SEE ANNUAL REPORT ON FORM 10-K FOR A FURTHER DISCUSSION OF RISKS ASSOCIATED WITH THESE PROJECTIONS.

The projections included herein are:

1. Pro Forma Consolidated Balance Sheet of the Reorganized Debtors as of January 1, 2005 projected with accounting effects of the Plan's consummation as promulgated by the AICPA Statement of Position 90-7 entitled "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7").

2. Projected Consolidated Statements of Operations of the Reorganized Debtors for each of the fiscal years ending January 1, 2005 (Fiscal 2004), December 31, 2005 (Fiscal Year 2005), January 6, 2007 (Fiscal Year 2006), and January 5, 2008 (Fiscal Year 2007). Projected Fiscal 2004 includes nine months of actual results.

3. Projected Consolidated Balance Sheets of the Reorganized Debtors as of January 1, 2005 (Fiscal 2004), December 31, 2005 (Fiscal Year 2005), January 6, 2007 (Fiscal Year 2006), and January 5, 2008 (Fiscal Year 2007).

4. Projected Consolidated Statements of Cash Flows of the Reorganized Debtors for each of the fiscal years ending January 1, 2005 (Fiscal 2004), December 31, 2005 (Fiscal Year 2005), January 6, 2007 (Fiscal Year 2006), and January 5, 2008 (Fiscal Year 2007). Projected Fiscal 2004 includes nine months of actual results.

The Projections have been prepared on the basis of generally accepted accounting principles consistent with those currently utilized by the Debtors in the preparation of their historical consolidated financial

statements except as noted in the accompanying assumptions. The projections should be read in conjunction with the significant assumptions, qualifications and notes set forth below and with the audited consolidated financial statements for the fiscal year ended January 4, 2003 included in the 2003 10-K and the 10-Qs filed for the first three quarters for the fiscal year ended January 3, 2004.

The Projections are present management's estimate of the expected consolidated financial position, results of operations and cash flows, and capitalization of the Reorganized Debtors. Accordingly, the Projections, which are subject to change, reflect management's judgement, as of the date of this Disclosure Statement, of expected future operating and business conditions. All estimates and assumptions shown within the Projections were developed by management. The assumptions disclosed herein are those management believes are significant to the Projections. There will be differences between projected and actual results because events and circumstances frequently do not occur as expected. Forecasted Fiscal 2004 reflects nine months of actual results and three months of projected results. Fiscal 2004 does not reflect or consider potential year end accounting and/or audit adjustments which may be made in normal course.

The Projections reflect the effect of consummation of the Plan and the fair market valuation of assets as required by fresh start accounting has been addressed by assuring book value equals fair market value. After emergence, the Company will issue financial statements that incorporate fresh start adjustments reflecting actual valuations of the Debtors' assets. The Projections are based on a number of estimates and assumptions that, although developed and considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies, some of which are beyond the control of the Reorganized Debtors and their management. The Projections are based upon assumptions of future business decisions which are subject to change. Accordingly, there can be no assurance that the projected results will be realized and actual results may vary materially from those projected. If actual results are lower than those shown or if the assumptions used in formulation of the Projections are not realized, the Reorganized Debtor's operating results and cash flows, and hence their ability to perform under the Plan, may be materially and adversely affected.

The Debtors do not, as a matter of course, publish their business plans and strategies or projections of their anticipated financial position, results of operations or cash flows. Accordingly, the Reorganized Debtors do not intend, and disclaims any obligation to, (a) furnish updated business plans or projections to holders of Claims or Equity Interests, or (b) include such updated information in any documents which may be required to be filed with the Securities and Exchange commission.

Management does not intend to revise the Projections solely to reflect circumstances arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events. Management assumes no responsibility to advise recipients of the Projections about any subsequent changes.

WHILE MANAGEMENT BELIEVES THE ASSUMPTIONS UNDERLYING THE PROJECTED FINANCIAL INFORMATION FOR THE PROJECTON PERIOD, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT THE PROJECTIONS WILL BE REALIZED. THE DEBTORS URGE THE UNDERLYING ASSUMPTIONS BE CONSIDERED CAREFULLY BY HOLDERS OF CLAIMS AND EQUITY INTERESTS IN REACHING THEIR DETERMINATION OF WHETHER TO ACCEPT OR REJECT THE PLAN.

B. Reorganized Debtor's Business

The Reorganized Debtors will continue to operate domestic manufacturing facilities as well as outsource product from overseas suppliers. The Reorganized Debtors business will focus on both the existing Home Fashions and Apparel Fabrics businesses as they are scheduled to exit the Engineered Products business by the Effective Date.

The Reorganized Debtors will have approximately 3,700 employees. Competition from numerous competitors is assumed to continue, with anticipated increased competition from foreign manufacturers.

C. Significant Assumptions for Projections for the Fiscal Years in the Three-Year Period Ending January 5, 2008.

1. Consolidation

These Projections include the Reorganized Debtors.

2. Economic Assumptions

The overall economic assumption with respect to expenses is a 3% annual inflation rate.

3. Sales Growth

(Dollars in millions)	**Pre-Emergence**	**Post-Emergence**		
	FY 2004	**FY 2005**	**FY 2006**	**FY 2007**
Net Sales				
Home Fashions	300.1	300.0	309.0	318.0
Apparel Fabrics	103.9	81.5	81.5	81.5
Engineered Products	32.5	-	-	-
Consolidated Dan River	$436.6	$381.5	$390.5	$399.5

Home Fashions:

Net sales of Home Fashions products are projected at $300.0 million for fiscal 2005, a decrease of $0.1 million from estimated fiscal 2004. Net sales are forecasted to increase by 1.8% in the Department and Specialty Stores and Mass Merchant segments as a result of introduction of several new programs and continued development of existing lifestyle brands. The Juvenile segment partly offsets this increase with a 8.9% sales decline due to the expiration of certain successful license programs in fiscal 2005. In fiscal 2006 and fiscal 2007, Home Fashions sales are projected to grow at an inflationary rate of 3%.

Apparel Fabrics:

Net sales of Apparel Fabrics are projected at $81.5 million for fiscal 2005, a decrease of $22.4 million or 21.6% decline from fiscal 2004. The discontinuation of several unprofitable segments, including the Converter business and Commission Finishing in the now closed Danville Finishing facility, contributed $13.9 million or 80% to the year-over-year sales decline. Sales are forecast to be affected by the discontinuance of a new pant fabric program in its Sportswear segment. Within the Shirting segment, sales are forecast to decline 7.5% in fiscal 2005 due to increased competition from directly sourced imported product. The Debtor anticipates further sales erosion in Apparel Fabrics in fiscal 2006 as it is projected to be unable to replace the discontinued pant program. However, sales within the other Apparel Fabrics segments are forecast to remain approximately level or increase slightly from the prior year.

Engineered Products:

Debtors' forecast assumes the Engineered Product divestiture will be complete by the end of fiscal 2004.

4. Gross Profit

The gross profit margins reflect the expected competitive environment within each category. Projected improvements in margins reflect cost reductions, manufacturing efficiencies and increased foreign sourcing.

Margin improvements are driven by:

- Improved product mix and reduced close-out and off-quality good sales from fiscal 2004 to 2005 increase projected margins by approximately $9.0 million or 3.0%.
- Increased deductibles in the Health Insurance Plan results in $3.0 million of savings in fiscal 2005.
- Benefit accrual freeze as of September 2004 on each of the three defined benefit plans. The expected savings is $3.0 million in fiscal 2005.
- Closure of eight manufacturing facilities, which will result in $14.4 million in annual cost savings in fiscal 2005.
- Margins are affected by the Debtors' estimated "Fresh Start" assumptions, which include Net Fixed Assets written down and the corresponding decreased depreciation schedule resulting in lower Cost of Goods Sold.

5. SG&A Expenses

Selling, General & Administrative Expenses are projected to be $55.2 million in fiscal 2004. Fiscal 2004 reflects approximately $4.9 million in expense reductions implemented by the Company in both fiscal 2003 and fiscal 2004. SG&A is projected to be reduced further to $51.5 million in fiscal 2005 as a result of several cost savings programs including Lower Salary and Benefits costs from Corporate Reduction-in-Force in fiscal 2004 and the consolidation of its New York Sales & Marketing offices. SG&A is forecasted to increase by an inflationary 3% thereafter in fiscal 2006 and fiscal 2007.

6. Interest Expense

The Revolving Credit Facility rate at emergence is LIBOR plus 550 bps. This results in a forecasted Revolving Credit interest expense of $4.4 million in fiscal 2005 and decreases to $3.6 million and $1.0 million in fiscal 2006 and fiscal 2007, respectively. The decrease is due to a lower projected Revolving Facility Balance.

The Term Loan rate at emergence is 15.0%. This results in a forecasted Term Loan interest expense of $3.3 million in fiscal 2005 and lowers to $2.7 million and $2.3 million in fiscal 2006 and fiscal 2007, respectively. The decrease is due to a lower projected Term Loan balance.

7. Ability to Service Debt

Based on the Projections and subject to the assumptions set forth, the Debtors project the following debt service coverage ratios:

	Pre-Emergence	Post-Emergence		
	FY 2004	**FY 2005**	**FY 2006**	**FY 2007**
EBIT / Interest	-1.9x	3.1x	5.3x	13.7x
EBITDA / Interest	0.0x	3.4x	5.8x	14.9x

There can be no assurance that the projected results necessary to generate adequate funds for the retirement of this indebtedness will be achieved. If these results are not obtained, funds will have to be

derived from alternative sources, such as reduced discretionary capital expenditures or additional borrowings. If alternative funds are not available to the Reorganized Debtors, any utilization of alternative sources of funds may impair the competitive position of the Reorganized Debtors, reduce their cash flows or have other adverse consequences, including the imposition of additional burdensome covenants, security interests or other obligations that could be adverse to the Reorganized Debtors and to the holders of Claims and Equity Interests.

8. Income Taxes

The Debtor is currently undertaking a review of the impact of the planned reorganization on the future availability of the Debtors' tax attributes, including net operating loss, tax credit carry forwards, and the tax basis of depreciable property. For purposes of the pro forma projections, a 38.6% combined federal and state tax rate is assumed, with no benefit for the use of net operating loss or tax credit carry forwards.

9. Capital Expenditures

These Projections assume aggregate capital expenditures of $2.8 million in 2004, $3.0 million in 2005, $5.0 million in 2006 and $5.0 million in 2007. The amounts are estimated to be sufficient to maintain the existing manufacturing facilities in good operating condition but do not contemplate any significant expansion capital programs.

10. Inventory and Accounts Payable

Total Inventory is projected to gradually reduce during the projection period an additional $4.0 million through both inventory management and increased foreign sourcing. The Debtors' forecast anticipates slight improvement in trade credit terms as a result of the Company's emergence from Chapter 11.

11. Exit Financing

It is assumed that the Reorganized Debtors will utilize a working capital facility to provide primarily for letters of credit requirements and working capital needs. The facility will be secured with a first priority lien on all of the Debtors' assets excluding machinery and equipment and real estate and a second lien on machinery and equipment and real estate. The Debtors will be able to borrow based on an advance rate formula consistent with their current debtor-in-possession facility.

The projections assume the Revolving Credit Facility would expire three years from the loan closing date but will automatically be renewed for successive two-year periods.

The projections also assume that the Company will secure a $25.0 million Term Loan secured by the machinery and equipment and real estate of the Company with a second lien on all other assets.

D. Significant Assumptions for the Proforma Consolidated Balance Sheet of the Reorganized Debtors as of January 1, 2005

1. The confirmation and consummation will be accomplished according to the terms of the Plan as described in the Disclosure Statement to which this exhibit is attached.

2. “Fresh start” accounting adjustments are made in this forecast. It is assumed that the book value of assets reflects fair market value of the assets and Fixed Assets has been reduced as a result of adjusting Stockholders’ Equity to equal fair market value. “Fresh start” reporting requires that the reorganization value of the Reorganized Debtors be allocated to their assets in conformity with Accounting Principles Bulletin (“APB’) Opinion No. 16, “Business combinations,” for transactions reported on the basis of the purchase method. Any reorganization value less than the fair value of specific tangible or identified intangible assets is to be allocated to their non-current tangible assets on a pro rata basis after offsetting any intangible assets. The reorganization value used in preparing the Pro Forma Consolidated Balance Sheet of the Reorganized Debtors as of January 1, 2005 was assumed to be $170.0 million. Based upon the assumed reorganization value and an assumed total debt of $91.9 million. FRESH START ASSUMPTIONS CONTAINED HEREIN ARE ESTIMATES BASED ON PRELIMINARY INFORMATION AND HAVE NOT BEEN REVIEWED BY THE DEBTOR’S FINANCIAL AUDITORS.

3. The allocation of the reorganization value to individual assets and liabilities is subject to change after the Effective Date and could result in material differences to the allocated values estimated in these Projections.

DAN RIVER INC.

NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET

Fresh Start Accounting assumptions are estimated in the Pro Forma Consolidated Balance Sheet and have not been reviewed by the Debtors' auditors.

(a) Stockholders' Equity is adjusted for the estimated fair value of the reorganized equity value and the same adjustment is allocated to reduce Net Fixed Assets.

(b) Other Assets adjusted for Exit Facility Fees paid at emergence.

(c) Current maturity of Term Loan is lowered to $5.0 million at emergence.

(d) American National Bank debt remains outstanding post emergence.

(e) Accounts Payable adjusted for cure costs paid at emergence.

(f) Accrued Compensation adjusted for KERP payments to Tiers 3 through 5 at emergence.

(g) Other Accrued Expenses adjustment for Priority claims paid at emergence.

(h) DIP Revolving Credit Facility and Term Loan are refinanced by a new credit facility post emergence.

(i) Other Long-Term Debt adjusted for Priority Tax Note of $2.2 million that accrues interest at 5.0% per year. Maturity of the Priority Tax Note is assumed to be five years post emergence.

(j) Liabilities Subject To Compromise are converted to equity with exception of Convenience Class claims that are paid in cash at emergence.

($ 000s)	Pre-Emergence	ESTIMATED Adjustments	Post-Emergence	Notes
Operating Cash	$1,000		$1,000	
Net Accounts Receivable	47,692		47,692	
Net Inventories	117,548		117,548	
Prepaid Expenses	13,131		13,131	
Deferred Income Taxes	5,162		5,162	
Current Assets	184,533		184,533	
Net Fixed Assets	141,203	125,004	16,199	(a)
Goodwill, Net	-		-	
Other Assets	6,141	(3,800)	9,941	(b)
Total Long-Term Assets	147,344		26,140	
Total Assets	331,877	121,204	210,673	
Current Maturities - Term Loan	$5,714	(714)	5,000	(c)
Current Maturities - Other	163		163	(d)
Accounts Payable	13,542	(3,269)	10,273	(e)
Accrued Compensation	19,324	(1,190)	18,134	(f)
Other Accrued Expenses	11,572	(3,460)	8,112	(g)
Total Current Liabilities	50,315	(8,634)	41,681	
Notes Payable	-		-	
Revolver	-	61,723	61,723	(h)
Term Loan	3,783	16,217	20,000	(h)
Other Long-Term Debt	2,841	2,200	5,041	(d,i)
DIP Facility	64,747	(64,747)	-	(h)
Liabilities Subject to Compromise	193,179	(193,179)	-	(j)
Deferred Income Taxes	5,162		5,162	
Other Non-Current Liabilities	22,415		22,415	
Total Long-Term Liabilities	292,126		114,341	
Total Liabilities	342,442		156,023	
Stockholder Equity	(10,564)	65,215	54,651	(a), (j)
Total Liabilities and Stockholder Equity	331,877	(121,204)	210,673	

Consolidated Income Statement

(Dollars in thousands)	Pre-Emergence	Post-Emergence		
	FY 2004	FY 2005	FY 2006	FY 2007
Net Sales	$436,570	$381,470	$390,470	$399,470
Cost of Goods Sold	362,614	270,748	277,113	284,105
Standard Gross Profit	73,956	110,722	113,357	115,365
% Sales	*16.9%*	*29.0%*	*29.0%*	*28.9%*
Manufacturing Variances and Non-Standard Costs	49,005	29,484	23,390	19,466
Actual Gross Profit	24,951	81,238	89,967	95,899
% Sales	*5.7%*	*21.3%*	*23.0%*	*24.0%*
Operating Expenses	55,223	51,553	56,668	59,750
Operating Income before Corporate Items	(30,272)	29,685	33,299	36,148
% Sales	*-6.9%*	*7.8%*	*8.5%*	*9.0%*
Total Corporate Items	45,001	4,617	2,258	4,665
Operating Income (GAAP)	(75,273)	25,068	31,041	31,483
% Sales	*-17.2%*	*6.6%*	*7.9%*	*7.9%*
Other Income (Expense)	696	800	800	800
Earnings Before Int, Tax, Extr. Items	(74,577)	25,868	31,841	32,283
Interest Expense	15,589	9,782	7,248	2,682
Earnings Before Tax, Extr. Items	(90,166)	16,086	24,593	29,601
Income Tax	-	6,210	9,493	11,426
Net Earnings	($90,166)	$9,875	$15,100	$18,175
% Sales	*-20.7%*	*2.6%*	*3.9%*	*4.5%*
EBITDA Reconciliation:				
Operating Income before Corporate Items	(30,272)	29,685	33,299	36,148
Depreciation & Amortization	30,105	3,111	3,112	3,025
Total EBITDA	($167)	$32,796	$36,411	$39,174
% Sales	*0.0%*	*8.6%*	*9.3%*	*9.8%*

Note: Financials in forecast period reflect estimated Fresh Start Accounting adjustments (see note in "Significant Assumptions for the Proforma Consolidated Balance Sheet of the Reorganized Debtors as of January 1, 2005").

Consolidated Balance Sheet

(Dollars in thousands)

	Pre-Emergence	Post-Emergence		
	FY 2004	FY 2005	FY 2006	FY 2007
Cash and Equivalents	$1,000	$1,000	$1,000	$1,000
Accounts Receivable, net	47,692	47,048	47,856	48,987
Inventories, net	117,548	110,182	111,721	113,567
Prepaid Expenses	13,131	13,034	14,979	15,579
Deferred Income Taxes	5,162	5,162	5,162	5,162
Current Assets	$184,533	$176,427	$180,718	$184,295
Fixed Assets, net	141,203	12,878	14,516	14,241
Other Assets	6,141	8,314	8,401	7,641
Total Assets	$331,877	$197,619	$203,635	$206,177
Long Term Debt Due Currently	$5,877	$5,163	$5,163	$5,163
Accounts Payable	13,542	14,516	14,713	14,816
Accrued Compensation	19,324	13,824	14,250	15,086
Other Accrued Expenses	11,572	7,956	8,579	8,986
Current Liabilities	$50,315	$41,458	$42,705	$44,050
Revolver	-	42,643	37,540	26,611
Term Loan	3,783	15,000	10,000	5,000
Other Long-Term Debt	2,841	4,755	4,938	4,421
Other Non-current Liabilities	27,577	29,236	28,826	28,294
Total Other Liabilities	$34,201	$91,634	$81,304	$64,325
DIP Facility	64,747	-	-	-
Liabilities Subject to Compromise	193,179	-	-	-
Stockholder Equity	(10,564)	64,526	79,626	97,801
Total Liabilities and Stockholder Equity	$331,877	$197,619	$203,635	$206,177

Note: Financials in forecast period reflect estimated Fresh Start Accounting adjustments (see note in "Significant Assumptions for the Proforma Consolidated Balance Sheet of the Reorganized Debtors as of January 1, 2005").

Consolidated Cash Flow

(Dollars in thousands)	Pre-Emergence	Post-Emergence		
	FY 2004	FY 2005	FY 2006	FY 2007
Net Income	($90,161)	$9,875	$15,100	$18,175
Changes to Retained Earnings	601	-	-	-
Various Non-Cash Items	53,320	6,796	5,903	9,971
Changes in Working Capital:				
Accounts Receivable	(2,809)	644	(808)	(1,131)
Inventory	20,350	7,366	(1,539)	(1,846)
Accounts Payable	20,214	974	197	103
Other Working Capital Items	17,338	1,710	(3,933)	(3,825)
Net Cash Provided by Operations	$18,852	$27,366	$14,920	$21,447
Cash from Investing				
Capital Expenditures	(2,751)	(3,000)	(5,000)	(5,000)
Sale of Assets/Net Transfers	14,379	-	-	-
Net Cash Provided by Investing	$11,627	($3,000)	($5,000)	($5,000)
Cash from Financing:				
Long-Term Debt Borrowings	(26,439)	(5,286)	(4,817)	(5,518)
Change in Notes Payable	222	-	-	-
Net Cash Provided by Financing	($26,217)	($5,286)	($4,817)	($5,518)
Net Cash Flow before Revolver Paydown	$4,262	$19,080	$5,103	$10,929

Note: Financials in forecast period reflect estimated Fresh Start Accounting adjustments (see note in "Significant Assumptions for the Proforma Consolidated Balance Sheet of the Reorganized Debtors as of January 1, 2005").